

MINUTES OF THE
JOINT HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
MONDAY, JANUARY 12, 2009, 8:00 A.M.
Room 30, House Building, State Capitol Complex

Members Present: Sen. Allen M. Christensen, Co Chair
 Rep. John Dougall, Co Chair
 Sen. Patricia W. Jones
 Sen. Margaret Dayton
 Sen. Daniel R. Liljenquist
 Rep. Kraig Powell
 Rep. Rebecca Chavez-Houck
 Rep. Keith Grover
 Rep. Ben C. Ferry
 Rep. Paul Ray
 Rep. David Litvack

Staff Present: Russell Frandsen, Fiscal Analyst
 Stephen Jardine, Fiscal Analyst
 Nicholle Heidrich, Secretary

Public Speakers Present: David Sundwall, Executive Director, Department of Health
 Lisa-Michele Church, Executive Director, Department of Human
Services

A list of visitors and a copy of handouts are filed with the committee minutes.

The meeting was called to order by Co-Chair Sen. Allen Christensen at 9:30 a.m.

1. Budget Overview—Russell Frandsen, directed the committee's attention to the handout "Budgeting".

Russell Frandsen, Fiscal Analyst began the meeting with a review of the budgeting process upon request of the elected legislative leadership. He talked about the budgets being either "base" or "supplemental." Base is a foundation budget for the upcoming fiscal year. A supplemental changes appropriations would change what was already passed either for the current year or the upcoming year. He discussed where the money comes from and how the state economists generate a revenue estimate. Mr. Frandsen reviewed the history of revenues, the current revenue shortfall, new spending pressure such as medicaid utilization, and the usual budget process including the role of subcommittee meetings. Mr. Frandsen explained that the Compendium of Budget Information (COBI) provides background and context, legal authority for programs and funds, explanation of special funds, previous legislative intent, budget histories, and noted that they are available online. The recommendations and constraints were overall, balance to the 7.5% and 15% targets set by EAC, (some committees may be over or under target.)

MOTION: Rep. David Litvack moved to approve the minutes of the May 7, 2008, meeting.

The motion passed unanimously.

2. Overview of Agencies and statutory missions

Stephen Jardine, Legislative Fiscal Analyst, discussed the COBI for the Department of Human Services. He reviewed the function of the Agency and also talked about programs that benefit from this budget. Mr. Jardine discussed the different accounts, General Fund restricted accounts and transfers from the Department of Health for Medicaid funds. He also reviewed Title 62A of the Utah Code dealing with the Department of Human Services, and discussed the implications of the term "within legislative appropriations."

Mr. Frandsen discussed Medicaid and the Children's Health Insurance Program, a significant portion of the budget. Mr. Frandsen also noted:

26-1-4 Department of Health created—Policymaking responsibilities—Cooperation with local health departments.

(b)The department shall establish by rule procedures for developing its policies, which ensure that local health departments are given opportunity to comment and provide input on any new policy of the department and on any proposed changes in existing policies which affect local health departments.

(c)The department shall also provide a mechanism for review of its existing policies which affect local health departments, and for consideration of policy changes proposed by local health departments.

26-1-18 Authority of department generally.

The sole state agency for administration of federally assisted state programs or plans for public health, health planning, maternal and child health, crippled children's services, and medical assistance.

26-1-30 Powers and duties of department.

The department shall: enter into cooperative agreements with the Department of Environmental Quality. Mr. Frandsen also discussed the five goals of the Health Department. First, to expand public health coverage for children through Medicaid and the Children's Health Insurance Program. Second, to work towards health insurance coverage for all Utah citizens as a long-term public health goal. Third, to improve capacity to respond to intentional and natural public health threats at state and local levels. Fourth, to establish prevention of childhood obesity as a public health priority. Finally, to provide public health facilities and health plans with quality and performance data that are consistent, reliable, and understandable to consumers.

Answering a question from Sen. Jones, Mr. Frandsen noted that the Legislature established the Utah Health Care Workforce Financial Assistance Program allowing medical and dental financial assistance to students willing to work for the medically underserved areas.

3. Overview of Medicaid, CHIP, and UPP

Mr. Frandsen reviewed the brochure "Understanding Medicaid," including Mandatory vs. Optional Coverage of Major Groups. Mr. Frandsen said Medicaid includes mandatory services (e.g., care by a

physician, certified nurse practitioner, or nurse midwife, laboratory diagnostics and x-rays, inpatient and out patient hospital care, and other services) and optional services (care by various health care practitioners—including optometrists, dentists, and chiropractors—prescription drugs, and many other services.

Rep. Ferry asked about areas, groups and the addition of new groups, and about services being denied or how one qualifies. Sen. Christensen noted one cannot be denied treatment in the emergency room. Mr. Frandsen stated that those on CHIP did not qualify for Medicaid; UPP will federally match for the premium assistant program up to \$150 for parents. Sen. Christensen said it is cheaper to help with premiums than put the person on Medicaid.

Sen. Jones asked why $\frac{1}{3}$ of the eligible people are taking advantage of Medicaid. Sen. Christensen said a lot of college students are not taking advantage of the program, either. Mr. Frandsen gave membership as follows: Medicaid, 180,000, CHIP, 40,000, and UPP, only a few thousand. Mr. Frandsen noted that Medicaid had an 11% enrollment increase.

4. FY09 Supplemental and FY10 Base Budget Options- Human Services– Mr. Jardine talked from the handout titled “Considerations for a 2nd Round of Human Services Budget Cuts 2009- General Fund.” The General Fund Targets for Human Services were: \$22 million, FY2009, \$44 million, FY2010. He noted that each agency was organized by function and listed by priority. Mr. Jardine then discussed Medical waivers and how they are difficult to reduce piecemeal.
5. Each agency is laid out by function and listed by priority. For example DORA or substance abuse where the drug offender can be looked at according to priority. Mr. Jardine stated that he removed ORS because he views it as a business. Mr. Jardine also stated that Medicaid waivers are difficult to get at. Mr. Jardine explained that the program Meals on Wheels would still provide funding until the budget was finalized.

Sen. Christensen asked for clarifications on base budget reductions.

Sen. Jones wanted to know how it was decided who would still be provided the service? Mr. Jardine replied that it was based on each agency area.

Rep. Chavez-Houck stated a concern regarding legal requirements if the senior citizen is not receiving the services.

Sen. Christensen asked what is the option if they chose to put them in a less expensive program. 2 programs -1. Alternatives Program, 2. Medicaid Waiver.

Rep. Ferry expressed a concern for the usage of cars for DCFS.

Rep. Ray asked of the 1,190 felons affected by budget cuts where would they go. Mr. Jardine replied that they would continue on parole.

5. FY09 Supplemental and FY10 Base Budget Options- Health
Mr. Frandsen began discussion on Optional Reductions - Health Services and continues with Base Budget reductions. Sen. Jones asked if it was the recommendations of Health Task Force? Mr. Frandsen explained that 65-75% was taking the money off their hands to allow private providers to provide their own upgrades. Rep. Ray requested to see a copy of the form from DCFS. Sen.

Christensen asked to address Workforce reduction. Rep. Powell addresses the process of the human services area.

5. Recess

Motion to recess by Rep. Powell.

Recessed at 12:00 p.m. to return by 2:00 p.m.

Motion for meeting to reconvene at 2:30 p.m. by Rep. Litvack.

Mr. Jardine answered columns option in Human Services. There are 3 options:
Pay them less, scope the program down and ask the Department to evaluate the program.
Mr. Jardine asked if the committee liked the figures for the cuts. Sen. Christensen answered Yes, with no objections.

6. Approval of the Minutes

Motion for approval of the minutes for Thursday, September 25, 2008, by Sen. Christensen.

Approved with one abstaining by Sen. Dayton.

7. FY09 Supplemental and FY10 Base Budget Options-Health Mr. Frandsen continued with the Base Budget Reduction. For 2009 there needs to be a 7.5% reduction and for 2010 a 15% reduction in the budget. Rep. Powell asked why there is a blank in the third column. Mr. Frandsen replied it was a work in progress. Sen. Jones asked how many medical professionals have refused Medicaid patients. Mr. Frandsen replied that in FY 2008 3,365 medical providers saw Medicaid clients. Of those 3,365 30% saw at least 1 Medicaid patient per week or 52 per year. Half of all Medicaid clients were seen by 101 or 3% of all medical providers. Sen. Ray asked how much money have we logged so far. He was concerned that 4 million was quite high. Mr. Frandsen replied it was more like 1.4 million. Sen. Dayton asked who determines the amount of money allocated for the nursing homes. Mr. Frandsen said that he could not answer at this time. Sen. Jones requested the numbers for the Preferred Drug List. Sen. Christensen replied that it had increased to 9 classes. Rep. Ray asked what did we save in the last budget. Mr. Frandsen answered 1.2 million in general funds and 3 to 4 million federal funds. Rep. Ferry stated that physicians client relationships could be taken away due to prior authorization. Rep. Ray asked if they were going to psychotropic drugs. Sen. Christensen replied yes. Sen. Jones talked about budgeting handout and our recommendations. She states that she has had many discussions with Governor's office and analysts having available options. She asks if any of the rainy day funds be used for the statewide funds. Sen. Christensen replies that they cannot touch the rainy day funds. Everything comes with cuts within the committees. The reductions are limited to what they can produce. Sen. Jones asks what is a critical and change option. Sen. Christensen that they take 15% cut off to appropriations and see what they can do. The committee can provide guidance. On January 21st we can decide our priorities. Rep. Ferry asked if they needed to come up with a base budget for January 21st.

Sen. Christensen asked if the department heads would like to speak?

Speaker David Sundwall Director of the Department of Health

Dr. Sundwall expressed his appreciation. He stated that he preferred the Base Budget. There were three things he asked the committee to consider. Child care licensing and the 19% deduction. Reference B-47 no deductions to reduce, and reference B-58 changing Medicaid Hospital rates. He also stated that he hoped that Health Reform would not change the quality of help they provide the public. Mr. Sundwall also said that the Health Department wanted to become more helpful so they could work with committee to reach budget that would benefit them both.

Rep. Ferry asked what Dr. Sundwall recommendations may be.

Dr. Sundwall answered that some how the committee may juggle the figures to balance.

Sen. Jones asked if there were matching funds. Mr. Frandsen replied that the loss of federal funds was significant.

Speaker Lisa-Michele Church, Executive Director of the Department of Human Services

Mrs. Church discussed the following:

1. To cut impact package and consider other programs.
2. Their Q & A sheet, and why can't they look at other places for cuts.
3. There is a dot sheet provide for the values of the programs.
4. Where has the growth come from?
 - People in the program.
 - The building blocks of the program.
 - Employee compensation.
5. Can we tighten down resources to save the people?

Mrs. Church explained how she and the HumanServices Department want to provide the best and optimal care for the public.

Sen. Christensen expressed his appreciation for all that these departments do.

Motion to adjourn by Rep. Ferry at 4:30 p.m.

Sen. Christensen stated that the next meeting would be held Wednesday, January 21st, 2009.

Co-Chair adjourned the meeting at 4:30 p.m.

Minutes recorded by Nicholle Heidrich, Secretary

Sen. Allen Christensen, Committee Co-Chair

Rep. John Dougall, Committee Co-Chair